DEPARTMENT OF JUSTICE

QUEEN'S PRINTER REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Queen's Printer Revolving Fund as at March 31, 2004 and the statements of operations and accumulated operating surplus and changes in accumulated net (recovery) expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 18, 2004

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
BALANCE SHEET
As at March 31

	2004	2003
ASSETS		
Current Assets:		
Accounts receivable	$ 46,543	$ 153,212
Inventories	10,887	4,079
Other assets	290	856
Total current assets	57,720	158,147
Capital assets (Note 5)	---	30,243
Total Assets	$ 57,720	$ 188,390
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts payable & accrued liabilities	$ 38,544	$ 71,099
Unearned revenue (Note 6)	28,002	34,719
Total current liabilities	66,546	105,818
Non-current liabilities:		
Accumulated net (recovery) expenditure (Statement 3)	(25,156)	66,898
Total liabilities	41,390	172,716
Fund Equity:		
Accumulated operating surplus (Statement 2)	16,330	15,674
Total Liabilities and Fund Equity	$ 57,720	$ 188,390

(See accompanying notes to financial statements)

Statement 2

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	2004		2003
	Budget (Note 9)	Actual	Actual
Revenues			
Sales	$ 524,000	$ 592,678	$ 609,127
Cost of goods sold	(216,500)	(279,808)	(293,198)
Gross profit	307,500	312,870	315,929
Expenses			
Salaries	475,000	454,817	453,869
Information technology	20,000	27,596	19,488
Amortization	20,000	18,227	25,674
Telephone	10,000	8,409	8,381
Office supplies	15,000	10,575	16,471
Other	21,500	17,590	37,449
Total expenses	561,500	537,214	561,332
(Loss) from operations	(254,000)	(224,344)	(245,403)
Subsidy from GRF	250,000	225,000	225,000
Net income (loss) after subsidy	$ (4,000)	656	(20,403)
Accumulated operating surplus, beginning of year		15,674	36,077
Accumulated operating surplus, end of year		$ 16,330	$ 15,674

(See accompanying notes to financial statements)

Statement 3

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET (RECOVERY) EXPENDITURE
FOR THE YEAR ENDED MARCH 31

	2004	2003
Financing (provided by) required for operating activities:		
Net (income) loss after subsidy (Statement 2)	$ (656)	$ 20,403
Less: Items not requiring an outlay of funds -amortization	(18,227)	(25,674)
Net (decrease) increase in working capital items related to operations (Note 7)	(61,155)	55,653
	(80,038)	50,382
Financing (provided by) required for investing activities:		
Acquisition of capital assets	7,198	33,608
	(7,198)	33,608
Net (decrease) increase in financing requirements	(72,840)	83,990
Accumulated net expenditure (recovery), beginning of year	66,898	(17,092)
Transfer of capital assets (Note 5)	(19,214)	---
Accumulated net (recovery) expenditure, end of year	$ (25,156)	$ 66,898

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2004

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net (Recovery) Expenditure and Note 7. The following accounting policies are considered significant:

a) Net Financing Requirements

The Net Financing Requirements is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net (Recovery) Expenditure

The Accumulated Net (Recovery) Expenditure of the fund includes the following:

i) the net increase (decrease) in financing requirements for each fiscal year; and

ii) the book value of assets acquired at no charge from or transferred to another government agency.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of mainly paper used in the production of final product.

d) Capital Assets

Amortization is calculated on a straight-line basis at an annual rate of 10% of acquisition value for furniture, 20% of acquisition value for equipment and 33 1/3 % for computer hardware and software.

3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. A maximum amount of $150,000 was established by Order in Council 667/89.

4. Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus (deficit) for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Queen's Printer Revolving Fund is $100,000.

5. Transfer of Capital Assets

In January 2004, Treasury Board approved the transfer of the Revolving Fund's capital assets to the Department of Justice. This transfer occurred on March 31, 2004 at net book value. The assets' cost of $288,260 and accumulated amortization of $269,046 have been reduced to $nil and the accumulated net expenditure has been reduced by the net book value of $19,214. In the future, the Department will provide use of capital assets to the Revolving Fund.

6. Unearned Revenue

Subscriptions to *The Saskatchewan Gazette* are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

7. Net Changes in Working Capital Items Related to Operations

	2004	2003
(Decrease) increase in accounts receivable	$ (106,669)	$ 69,879
Increase in inventories	6,808	3,241
Increase (decrease) in prepaid expenses	---	(599)
(Decrease) in other assets	(566)	(114)
Decrease (increase) in accounts payable	32,555	(13,349)
Decrease (increase) in unearned revenue	6,717	(3,405)
Net changes in working capital	**$ (61,155)**	**$ 55,653**

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year-end are as follows:

Category	2004	2003
Revenues	$ 385,634	$ 327,194
Accounts receivable	$ 27,491	$ 111,021

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year-end, are as follows:

Category	2004	2003
Expenses	$ 213,001	$ 104,661
Accounts payable	$ 5,960	$ 6,871

In addition, the Revolving Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in these financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain occupancy, financing and administrative costs. These costs have been absorbed by various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the Accumulated Net Expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Amount Reported in the Public Accounts

The net expenditure (recovery) of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2004	2003
Net income (loss) from operations	$ 656	$ (20,403)
Amortization expense	18,227	25,674
(Increase) in inventory	(6,808)	(3,241)
Decrease (increase) in net capital assets	(7,198)	(33,608)
Timing differences in recording transactions	7,817	20,137
Net expenditure (recovery) reported in Public Accounts	**$ 12,694**	**$ (11,441)**